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ABSTRACT

A survey was made of undergraduate programs dealing with personal investment, based on a representative sample of catalogs from 100 senior colleges in the U.S. The sample was comprehensively distributed geographically as well as by type of institution, and an attempt was made to include appropriate proportions of various types of institutions ranging from the small private liberal arts college to a major campus of a large public university system. Typically, but not exclusively, it was the large state university or college system that listed an individual- or personal-type investment course, and the small college or traditional liberal arts school that did not. Suggestions for topics to be covered in such a course are offered. (LBH)

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EDUCATION FOR PERSONAL INVESTMENT: A SURVEY OF COLLEGE PROGRAMS AND COURSE CONTENT SUGGESTIONS

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For a large majority of individuals, probably the greatest source of financial decision or consideration following that resulting from their employment situation, is associated with what is implied by the terms "savings," "capital," and "property " The formal education process both at the high school and college levels typically provides a relatively substantial opportunity for obtaining occupational information and assessment of individual vocational needs and capacities. This opportunity may not occur to a considerable extent through the regular course structure, but rather through advisement, guidance and counseling activities. However, preparation for personal investment decisions, whether through course work or individual guidance seems to be somewhat understressed by institutions of both secondary and higher education. The situation has been documented or implied in the past by such authors as Baehr (1958), Brisbin (1968), Coleman (1969), Whitford (1965) and Yacyk (1959, 1966). To be sure, the subject matter of investment is treated in college level business and economics courses and in some high school classes. However, the college courses typically seem to be preparation for students planning to enter occupations related to the investment area, or if at an introductory and general level often quite understandably tend to reflect an academic emphasis. It is the preparation for

investment decisions by individuals, regardless of their occupation, for which a need appears to exist. This preparation focusing on the college level constitutes the emphasis of the present study.

Information and counseling needed for personal investment, characteristically, tend to be provided by brokerage houses, banks, insurance agents, accountants, lawyers, professional investment advisors, and through books, magazines, other periodicals, and newspapers. These sources generally seem to be enlightened and competent, but are often specialized. It would seem that an overall introduction, available to a greater extent and depth than at present, might be provided within the framework of formal education.

The contemporary trend towards equality of economic opportunity for men and women reinforces the concept of a similar equal access to educational curricula or programs for both sexes. Thus, it is suggested that any increased emphasis on preparation for individual investment would be just as appropriate for female students as for male. It should be noted that in an earlier study (Blum, 1976) no significant difference was found between the mean percentage of choice by 90 men as compared to that of 91 women for each of four basic types of investment listed -- nor for the emphasis placed upon a desire for security in investment preferences. These limited findings of sexual similarity in this area do contribute to the evidence that special modifications for women in basic instruction and guidance for personal investment tend to seem inappropriate. That women are evidencing interest in investment matters is attested to by the special economic and financial conferences and seminars increasingly conducted by various organizations for them. As reported in the Oct. 11, 1976 Barron's, such a conference, co-sponsored by a branch of the American Association of University Women and a banking institution, had to turn away

interested women after the crowd had reached its capacity of 400.

In recent decades the diversity of generally available types of individual investment opportunities has expanded. The growth of the variable annuity, bank certificates of deposit in relatively small denominations, innovative pension options both private and governmental, and common stock purchase plans, are illustrative of this trend. If individuals are to make informed decisions as to the allocation of their capital or savings, it would seem that a heightened educative effort should accompany the increased proliferation and complexity of available choices. A lack of such knowledge on the part of the individual investor lessens control of his or her own destiny, since by necessity greater discretionary functions are assumed by professional managers in both the private and public sectors of the economy. In a free society, the advisability of greater control by a concentration of managers of the allocations among various investment options appears open to question. For individuals, insufficient background to make informed personal financial decisions may contribute to feelings of depersonalization or lack of individuality in their contemporary environment.

It seemed appropriate to obtain some indication of the present situation with respect to the availability of college courses in personal investment. Thus, a survey was made of undergraduate programs obtained from a representative sample of the catalogues from 100 senior colleges in the United States. The sample was comprehensively distributed geographically as well as by type of institution. An attempt was made to include appropriate proportions of various types of institutions ranging from the small private liberal arts college to a major campus of the large public university system. Each state and the District of Columbia

was represented by at least one institution. The inclusion of additional colleges for a state was based in a manner roughly proportional to a combination of the population of each state and, with greater weight, the number of institutions of higher learning in the state. These estimates were obtained from a 1976 Almanac. A bulletin was included if it was dated 1974-75 or later.

In general, three types of institutions seemed to exist. Approximately one third of the institutions did not offer a course that could be realistically categorized as examining personal investment. Roughly two-fifths of the schools offered at least one course that could be possibly classified as emphasizing this topic, but the catalogue description was typically limited to stocks, bonds, and techniques of security analysis, and often seemed oriented towards students majoring in business or economics. Approximately one quarter of the catalogues listed a course whose basic content and orientation stressed the personal or individual aspect as well as a broad range of investments. These offerings usually bore titles such as; personal finance, personal money management, personal economic and financial planning, investments, survey of investment media. Often, more advanced and/or specialized investment courses were also listed. However, occasionally the content of a course designated as personal finance, or with a similar title, consisted primarily of family budgeting, consumerism, etc. This type of offering was not recorded as a personal broad-ranged investment course. Typically, but certainly not exclusively, it was the large state university or college system institution that listed an investment course of the individual or personal type in its undergraduate bulletin, and the small college or traditional liberal arts school that did not.

The results of this informal survey tend to suggest that it is the latter type of institution which appropriately might consider such an inclusion in its curriculum for the reasons stated earlier.

Some suggestions, gleaned from course descriptions in catalogues of the above sample and the author's personal experience and previous research, can be synthesized for possible inclusion in a personal investment course. Information concerning the several types of options available in accounts or certificates at thrift institutions and commercial banks should be of value to those with even modest economic expectations. Common and preferred stocks, related types of securities, the mechanics of cash and margin accounts, the characteristics of different industry groups, and mutual funds and other types of investment companies also seem basic. Another fundamental area of study is that of corporate, municipal, and United States Government bonds and notes including the widely-held series E and H "savings" bonds. The investment aspects of life insurance, annuities, pension plans, Individual Retirement Plans, and KEOGH accounts as well as home ownership, mortgages, income-producing real estate, and partnerships and small business ventures should hold widespread applicability to college students. Other areas of considerable relevance include social security, estate planning, the tax and legal aspects of investments, and financial statement analysis. Although not of investment suitability for most individuals, some mention of the nature and risks of trading in options, commodities, and foreign exchange would seem appropriate. Especially in inflationary times, exposure to exploratory study of the traditional and more recent hedges might well be appropriate. These include: shares in silver and gold mines as well as other natural resource stocks; silver and gold coins and bullion;

precious stones such as diamonds and rubies; rare coins and books; stamps, paintings, sculpture and antiques.

One final word seems pertinent. A major function of a vocational guidance counselor is to provide occupational information and relate it to a student's aptitudes, interests and attitudes, so that the individual can make more informed choices and decisions. Might not the institutions of higher education expand their role in providing similar services in the area of personal investment?

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